



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah
Department of Commerce
Division of Securities

FRANCINE A. GIANI
Executive Director

JASON P. PERRY
Deputy Director

WAYNE KLEIN
Director of Securities

NEWS RELEASE

MUTUAL FUND SALESMAN MUST DEFEND LICENSE

April 26, 2006. Salt Lake City, Utah The Utah Division of Securities announced today that it initiated proceedings to revoke the securities license of Steven B. Heinz, of Orem and to fine him \$50,000 for improper sales of mutual funds, in violation of Utah securities laws.

The petition to revoke the license of Heinz alleges that Heinz improperly benefitted himself when investing \$627,000 of a customer's money in mutual funds. The customer, who was single and taking care of her son and her mother, had limited investment experience and expressed her investment objectives as "income, with emphasis on safety."

Mutual fund investments offer multiple share classes for investors. Each class has a different commission schedule. Heinz put his customer in the mutual fund class that paid the highest commission to him. Mutual fund companies also provide discounts, known as "break-points, to investors who invest large sums of monies in their funds. Heinz used a pattern of purchases that avoided the break-points and the lower fees for the customer.

Heinz also recommended the customer liquidate an existing 401k. Heinz invested the assets in that account in a way that maximized his commissions, rather than offering other options that would have imposed lower fees on the customer's account.

The Division alleges that Heinz falsely told his customer that he would earn no compensation from his recommendations. In reality, the transactions generated \$23,000 in commissions.

Heinz has 30 days to request a hearing and dispute the Division's allegations.